

SPEECH

OF

WILLARD P. PHILLIPS, ESQ.

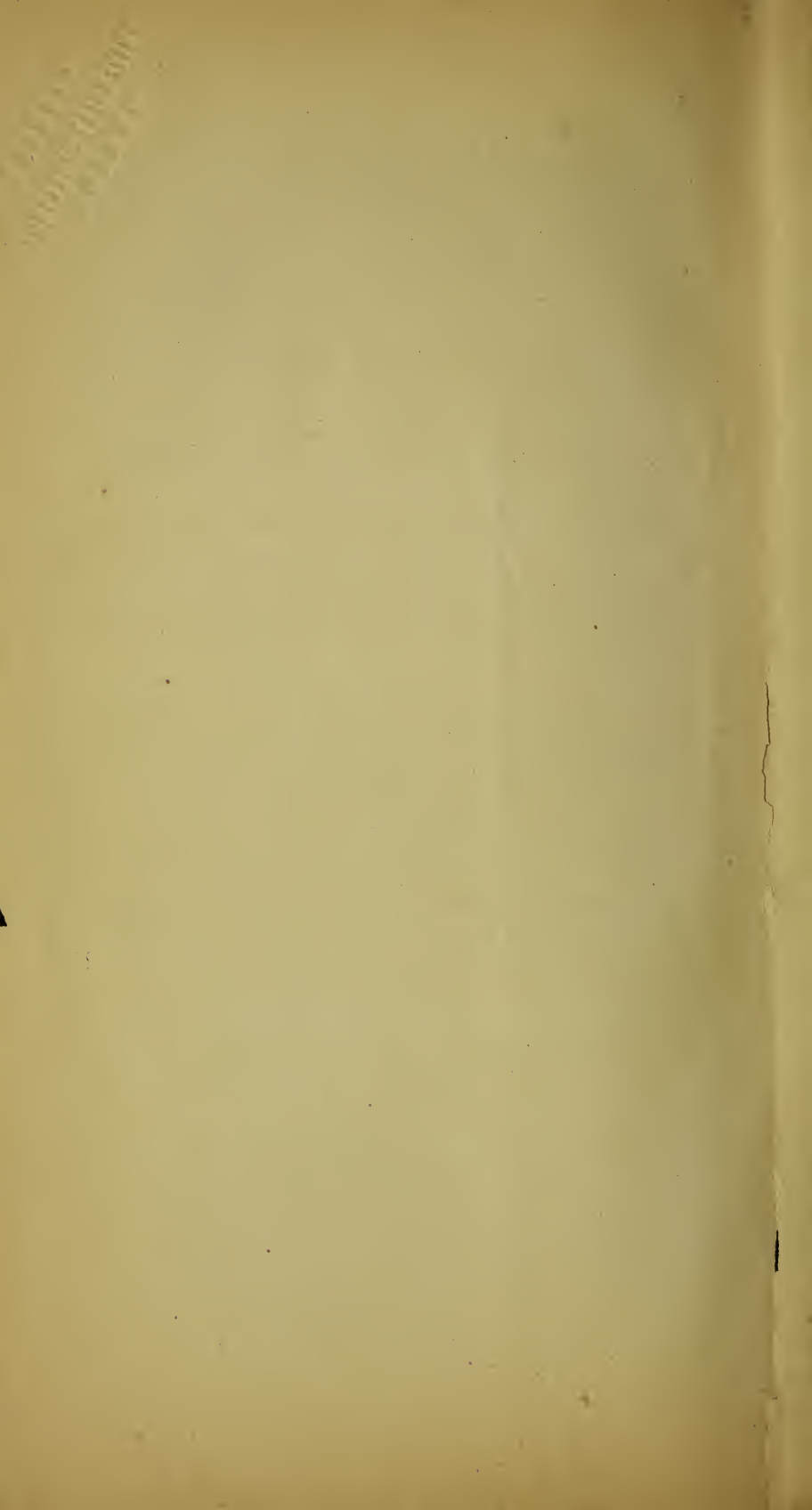
OF SALEM,

IN THE HOUSE OF REPRESENTATIVES,

UPON THE RESOLVES IN RELATION TO THE BOSTON
AND ALBANY RAILROAD.

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SPEECH.

MR. SPEAKER :

I am obliged to the gentleman from Boston (Mr. Moseley) for his apology to the House for what he uttered yesterday in debate, and for my part I freely forgive him.

The Order of the House, which was submitted to the Committee, was as follows :—

Ordered, That the Committee on Railroads inquire and report whether the Boston & Albany Railroad Company is furnishing proper facilities for the transportation of merchandise, and for the promotion of the trade and commerce of the Commonwealth ; and particularly whether its rates of freight and other arrangements are properly adjusted so as to encourage the shipping of freight to and from the port of Boston ; and further, whether the state directors of said company have complied with the provisions of Resolve 90 of the Resolves of 1866, and of chapter 226 of the Acts of the year 1873 ; and that the Committee report any legislation needed to promote these ends, and have authority to send for persons and papers.

The Committee entered upon the hearing of this Order with the determination to do full and ample justice to every party in interest. They advertised notice of their hearings, and listened to all the parties who were summoned by the friends of the Order to appear before the Committee. The first point upon which complaint was made, was in regard to shortage upon grain. In answer to that it will be seen, by reference to the Report, and an examination of the table of the out-turn of grain at the East Boston elevator annexed thereto, that many more cars showed an excess over the quantity billed than showed a shortage. It is sufficient to

examine the Report in order to get a complete answer to all the complaints in regard to shortage. The principal complaints which were made in regard to shortage, were those which have been stated to the Committee, year after year, and which I, personally, have been obliged to listen to for the last four or five years. The table exhibited shows that the out-turn now is very much in favor of the owner of the grain,—sometimes amounting to 4,000 pounds in a shipment of 22,400 pounds,—and that the railroad has done its whole duty in the delivery of grain.

Mr. MOSELEY, of Boston. I am satisfied that the Boston & Albany Company are now more careful in the handling of grain than they were formerly.

Mr. PHILLIPS. If the gentleman will admit that there is no reason for complaint against the Boston & Albany Railroad in regard to this matter of shortage, I will say no more about it.

After several gentlemen had testified in regard to shortage, and their testimony had been printed in the newspapers, showing to the great public the inconveniences and irregularities in the grain trade of Boston, one gentleman, experienced in the matter, came before the Committee and stated that while these statements were going out and tending to injure the trade of Boston, he felt it his duty to correct such mistakes by saying that grain was handled in Boston cheaper and better than in any other place in the country. He thought grain had been weighed out in Boston as correctly as it could be, and for one he did not desire that it should not be so understood, for he did not believe that the parties shipping grain to Boston suffered any more loss than in other places. He wished, as far as he could, to prevent the injury to the trade of Boston which he feared would result from some of the testimony which had been given. And so one man contradicted the testimony of others to save injury to the trade of Boston.

The Committee were satisfied that in this matter of shortage there was no greater loss to the people of Boston than was usual in the grain trade elsewhere. The Boston & Albany did not seem to deserve censure, but, on the contrary, were entitled to credit for the efforts they had made to correct

former abuses in the trade, and for the care which they now used in the matter.

And here I leave this matter, with the statement that upon this matter of shortage no legislation was considered necessary by the Committee.

The next point of which they complained was in regard to guaranteed bills of lading. These they demanded should be furnished. In other words, they required that the Boston & Albany Railroad should guarantee that the quantity of grain which Tom, Dick and Harry, at various places throughout the West, said they had delivered to some foreign corporation, to be delivered to some other corporation, and by that corporation, or by still another, to the Boston & Albany, should be considered as evidence that the Boston & Albany had received the quantity specified in the railroad receipt, and should be required to deliver it. This is like demanding that you, Mr. Speaker, should be responsible for the payment of money which somebody in some unknown place says he paid to somebody else to pay you. The table shows how irregular were the shipments, how unreliable the way-bills, and proves how unfair such a requirement would be to the Boston & Albany Railroad. Everybody engaged in commerce knows that it is not customary anywhere for the ship to guarantee the weight of goods in bulk, and I appeal to the gentleman from West Roxbury (Mr. Ropes), who has had large experience in commercial operations, to say whether he is familiar with or knows of any case in foreign commerce where carriers of goods in bulk are required to deliver the quantity which is said to have been transferred to the ship upon which the goods are placed. Invariably bills of lading read, "weight and quantity unknown." I found that none of the gentlemen who appeared before the Committee had been engaged in the grain trade in Boston when it was done entirely in vessels, and that they were not familiar with the way in which this trade was formerly carried on. It has been my fortune, sir, to be engaged in the grain trade, both by vessel and by cars, and in all shipments to me I never received a guaranteed bill of lading. The testimony of Mr. Lincoln (of Thayer & Lincoln) was that by his steamers the quantity of grain shipped was not guaranteed. This was in

contradiction to some of the other witnesses, not so well informed, that the steamers did guarantee quantity, and being from an agent, was, of course, reliable.

No testimony was introduced to show that railroad corporations ever guaranteed the quantity of grain delivered to other railroad corporations, although it was stated that the Western Transportation Company guaranteed quantity from Chicago to New York, and that the Merchants' Despatch Company, by the Northern Line, guaranteed from Chicago to Boston.

But the letter annexed to the report from Mr. Rutter, the Freight Agent of the New York Central, shows that that road does not guarantee weights of grain.

The Boston & Albany Railroad Company, therefore, conforms, so far as there was evidence before the Committee, not only to the custom of railroads, but to the universal custom of the commercial world, and does everything which any railroad or any ship is known to do anywhere in regard to bulk freight. But it should be said further, in behalf of the Boston & Albany Railroad, that that road has endeavored to induce the other roads connecting with it upon its line to the West, to adopt some plan by which grain in bulk should be properly weighed at the point of lading, and has offered, if this can be done, to join with them, and guarantee that the quantity of grain put on board the cars in the West should be delivered at its place of destination. But as yet it has not succeeded in securing this most desirable arrangements. The Committee were, therefore, unanimously of the opinion, considering the course of the Boston & Albany Railroad, and that this House has already decided, by its action upon the report of the National Board of Trade, that no legislation was required upon the matter of guaranteed bills of lading, that no legislation was necessary upon this subject, under the Order before them.

The next point of which complaint was made was the discrimination in favor of New York, the fact that freight to Boston from Western points was higher than to the city of New York. This is a matter which the Boston & Albany cannot control. So far as foreign shipments of grain are concerned, they have already made arrangements by which

grain, destined for foreign shipment from Boston, can be delivered as low as freight coming by the railroads from the West can be delivered for shipment at New York.

We have had before us, and the House has decided that no legislation was necessary upon, the communication of the railroad commissioners, stating that a rebate had been made for several years by the Boston & Albany Railroad in favor of those who ship grain from Boston, so that the rate for all this time had been as low to Boston as to New York. It appears, therefore, that the small shipment of grain from Boston, as compared with New York, is not owing entirely to a discrimination in favor of New York, nor does any one claim that it is to be attributed to want of facilities for transportation to and delivery at Boston. No evidence has been produced to show that the Boston & Albany Railroad has ever been so crowded at Boston with grain that it has been unable to deliver it promptly for shipment, or that cars loaded with that article for Boston were not promptly forwarded by that railroad to their destination. But the difficulty in this matter is, that the merchants of Boston have failed to establish their commission houses upon such a basis that they were ready at all times to make advances upon grain consignments, to receive and store the consignments so made, and thus to secure a large quantity of grain in their market, ready to be transferred to steamer whenever there was a purchaser to buy or an opportunity to ship. This, then, is the cause of the small amount of grain shipment, and the deficiency of the receipts is not to be attributed to any lack of accommodation or facilities furnished by the Boston & Albany Railroad. What the Boston grain merchants need to increase their business, and what they must have, is, first, commission houses with capital sufficient to make advances on grain shipments from the West; and second, warehouses and elevators sufficiently large to store the grain so consigned when it reaches Boston. If it is a business worth doing at all, it is worth doing extensively, and doing well. To-day, the railroad of the Boston & Albany Corporation can bring much more grain than can be taken care of when it gets here. Indeed, with the exception of the elevators of that corporation, there are here no store-

houses for grain, whence foreign shipments can be made. It is to the enterprise of that company in connecting its track with East Boston, and there building its elevators, that Boston is now enabled to do any of the foreign grain trade. And when the Boston merchants did not so manage their business as to secure grain enough here to load the Cunard steamers, it was owing to the joint endeavors of the railroad company and the steamship company that the grain was brought to, and shipped from, Boston. It is this road, by furnishing the facilities by which the business could be done, and by doing the business itself when the Boston merchants could not or would not, which has not only inaugurated, but retained, this foreign shipment of grain in Boston. Had the railroad failed to do what it has done, where would this trade have been? The merchants who complain now of the railroad have, as I think, failed to do their share of the work, if there is such profit in the trade as warrant its continuance. If there is no profit in it, the way to secure profit is private and friendly negotiation—not public denunciation. If this business is to come here, it will come because all parties interested can make it profitable. Neither the merchant nor the railroad will do it willingly or knowingly at a loss.

Already, by the arrangements made, the Boston & Albany brings grain for foreign shipment over its high grades and increased distance as low as the same article is carried on the easy down-grade of the Hudson River road for a shorter distance; the fifty miles of extra distance is blotted out. What more can it do? The complainants say that to New York rates are cut, while to Boston they are not. The railroad people tell us that they cannot prevent this, and the complainants tell us that they can if Mr. Chapin will but put his foot down and insist upon it. And this was the only remedy proposed.

To the Committee it did not seem that the Boston & Albany, great and powerful as it is, was either so great or so powerful as to compel this by demand. It can only be secured, if secured at all, by persuasion and kind words. It cannot be accomplished by legislation, but may be secured by offering such inducements of great quantities of freight

over this line and its western connections, as will convince the managers of those lines that they must cut to Boston as well as to New York, or else lose the business altogether. Nothing affects railroads so quickly as a diminution, or even a threatened diminution, of business, unless it be the prospect of an increased business. To show that more business can be done—that there are merchants ready and able to do it—with energy, capacity and capital sufficient, is the work that the merchants must do themselves. Judging from their past action,—their constant readiness to join the merchants of Boston in all efforts to secure and increase business over their road,—I am sure that the managers of the Albany Railroad are ready now, and will always be ready, if they are only approached in the proper spirit, to do everything which they can to promote the business interests of Boston. But upon this subject the Committee were unanimous in their opinions that no further legislation was necessary, or would avail.

Another matter which was brought to the attention of the Committee, was the number of empty cars which it was stated were constantly sent back to the West. Now, sir, every man who is familiar with the details of railroads knows that railroads keep their own cars for their local business, and do not allow them to be taken from the road; and in order to accommodate through business the various railroad corporations either by joint arrangement or through the form of transportation companies, have secured a sufficient number of cars which belong to railroads covering many thousand miles of track, and these cars are required by the arrangement between the several companies to be devoted to the business for which they were purchased. No railroad agent would be permitted, or feel authorized, to use the cars of his railroad for merchandise destined to a point beyond its tracks. Nor would any railroad agent feel authorized in using the cars belonging to these through transportation companies for the transportation of freight between local points. If these rules were not complied with, neither the Boston & Albany nor any other railroad would be able after a week to furnish facilities to the people which under the law they are required to furnish. And when Mr. Mudge testified that with this large number of empty cars he was unable to make

any arrangement by which these cars could be loaded at a reduced rate to his mills, off the track of the through line and to a point outside the State, he in reality stated that the Boston & Albany strictly complied with the law of the State of Massachusetts, which forbids special contracts from being made, and by which railroads are required to furnish the same accommodations at the same prices to the poorest man who does business over the road that they do to the richest manufacturer. It is this point which seems to have attracted the attention of the gentleman from Leicester (Mr. May), whose sympathy, at least, I should have expected in behalf of any corporation or individual who strives to offer equal rights to men of all classes. Understanding this requirement of law, and fully appreciating why these empty cars were sent back, the Committee considered that the complaint in that respect was frivolous, and did not require any legislation.

The testimony which was furnished the Committee afforded numerous contradictions. Mr. Jerome Jones testified that the difficulty in procuring vessels in Europe to come to Boston, was on account of the inability to secure return freights for them at Boston, and suggested that the corporation ought so to arrange its rate of freight as to secure a constant supply of merchandise here so that vessels might have full return cargoes and prompt despatch. He thought that every inducement should be offered to bring vessels here, and that it would be well even to give through bills of lading in order to induce vessels to come here, and so secure promptly the freight which they desire. Well, who do you think followed him? Why, Mr. Kemble, of the Corn Exchange, and he was of the opinion that the Boston & Albany Railroad ought not to give through bills of lading to foreign ports, because this through business brought no profit to the merchants of this city or to the people of the State. He thought, therefore, that the road should be prevented from engaging in any such transaction. The Committee, therefore, put these two opinions against each other, and, although they agreed with Mr. Jones that all legitimate business should be encouraged, they did not see how any legislation could secure the object so much desired. The merchants, with the coöperation of the railroad, and not the railroad alone, can accomplish it.

A great deal has been said by the gentleman from Boston, and some testimony was introduced to show that freights for the West are shipped, not by the Boston & Albany, but by other railroads. Mr. Henry Mayo, who is a large shipper of fish, testified that he had received orders for 3,000 packages of fish, and *in every instance* the order was positive that the freight should go by the Baltimore & Ohio Railroad. These were goods belonging to the purchasers, and why had they not a right to name the road by which they should be shipped? Mr. Mayo did not say that the goods were ordered to be shipped by the way of Baltimore because the freight by that route was lower than over the Boston & Albany. He did not ask how low they could be shipped by the latter road, and he did not know the rate via Baltimore; but they were going via Baltimore because the owners of the goods ordered them to be sent that way. Now, it may have been that freights that way were lower, or it may have been that these Western people, by special contract, or by some private arrangement by which all their freight was to go by that line, were obliged to ship that way. Such arrangements are common with railroads, and in my railroad experience I have often wondered why goods were ordered to be shipped by a particular route, by people out of the State, when, so far as I could ascertain, some other route was preferable. This statement of Mr. Mayo, therefore, proved nothing.

But others testified that they could frequently ship to the West by some other route cheaper than by the Boston & Albany. This was the case especially with one of the sugar refiners.

But during the hearing, while these gentlemen from Boston were complaining that they could not ship west as well as from New York, one of the New York papers, the "Tribune," printed the following in its money article:—

"It has been said in the 'Tribune,' and we believe the fact has not been disputed, that the Central and Hudson, and the Erie roads, are taking freights from Boston, Mass., to points west at rates from twenty to twenty-five per cent. cheaper than from this city. It would appear as if this were a matter in which the State not only has the right, but is in duty bound, to interfere, and, by the administering of a mild dose of 'Potter law,' to at least secure from

these monopolies of its own creation, as favorable terms for its own citizens as are accorded to non-residents."

Thus, while the people of Boston complained that they were not accommodated with cheap rates, the people of New York were complaining of their own railroads for taking freights from Boston at twenty to twenty-five per cent. cheaper than they could get goods shipped from New York. This, to the Committee, seemed a complete answer to the complaint of the Boston people, and certainly showed that in that matter no legislation was required.

One gentleman, Mr. Saltonstall, the treasurer of the Chicopee Manufacturing Company, complained because he had to pay local rates from Springfield to his mill at Chicopee Falls, on cotton from the West. This upon a railroad other than the Boston & Albany—the Connecticut River; but by the way bill [which Mr. Phillips read] it appeared that freight was shipped to Mr. Saltonstall from Western points to Chicopee Falls at precisely the same rate at which it was shipped to Boston, while the law only requires the Boston & Albany to carry to Springfield at Boston rates.

I asked a gentleman who appeared before the Committee, and I did not ask it of one unable to entertain the proposition, why, if the Boston people had such complaints to make against the Boston & Albany Railroad, they did not undertake to control the stock of the corporation, precisely as they did undertake to control the stock of Western railroads, when they desired to obtain the management of those corporations. And the answer he gave me was, that the railroads of the Commonwealth ought to be compelled by the legislature to furnish facilities at reasonable rates, and that the men of Boston ought not to be called upon to control these roads in order to secure their ends. Thus it appeared that the merchants in Boston were willing to inflict an injury upon the capital invested in a railroad which has benefited them so much, while they were unwilling to invest capital themselves, or to do anything towards securing the control of roads now built within the State, which are doing all they can to aid the city of Boston.

And here I recall the remarks of the gentleman from Mil-

ton (Mr. Pierce), who, like so many of the other gentlemen who appeared before the Committee, tells us what he has heard other people say. I have no doubt that what he has stated in his speech is correct in every particular. I have no doubt that he heard every word which he told us he did hear. He told us, sir, that Boston was going to lose the cargoes of Rio coffee destined for Chicago; and that these cargoes were hereafter to go to Baltimore. Now, sir, that is simply following the law of trade. Certain ports of this country are the markets for certain kinds of merchandise. Baltimore and New Orleans have long been the principal markets for Rio coffee. The return of the coffee trade, perhaps interrupted by the war, to Baltimore, is but the simple return of business to its natural channel. In England, Liverpool is the great market for cotton, while London remains the great market for general merchandise. And it has never been found more possible to divert the cotton trade from Liverpool to London than to divert the general trade from London to Liverpool. And here in this country the trade with the West—which is the great consumer of Rio coffee—from Baltimore is increasing through the great facilities which the Baltimore & Ohio Railroad have furnished, by the fact that the distance to St. Louis and Cincinnati is about 300 miles less than from Boston, and by the further fact that Rio Janeiro itself is nearer to Baltimore than to Boston. Besides, during the winter season, the voyage from Rio would be longer to Boston than to Baltimore, and an extra insurance would be charged upon the business. And, sir, any increase of insurance upon a valuable cargo like that, if it is only a sixteenth of one per cent., would go very far towards paying all the freight upon the goods from here to the West. But there is another reason. The merchants of Baltimore, and the Baltimore & Ohio Railroad, seeing plainly their duty to themselves and to each other, have not failed to join hands and coöperate with each other in their attempt to bring trade to the port of Baltimore. They have arranged for the receipt of goods from vessels, the entry of goods at the custom-house, the transfer of cargoes; and all this work they do without extra charge, so that the importer of goods at Baltimore has nothing to pay for all this service except the

simple matter of freight, and that for a much shorter distance than from Boston. But Boston merchants, perhaps not seeing their opportunity, and failing to coöperate with the Boston & Albany Railroad, which has furnished such large facilities, and has never failed to join with them whenever they were disposed to add to the trade of Boston,—these Boston merchants have failed to make these necessary arrangements, have failed to afford equal facilities, and Western importers will necessarily give their business to ports which furnish the best facilities, the greatest convenience, and which relieve them from any trouble and expense.

And here, sir, let me add, that while so many men of Boston, summoned by the Commonwealth at the request of the gentleman who conducted this hearing, have come before the Committee and stated their grievances and made their complaints, there is one gentleman (Mr. Merrill), a member of this House from Boston, ward eleven, connected with one of the largest establishments of its kind in the country, who has received, as he has told you, very large quantities of oil, and who has the manliness and courage to rise up on this floor and tell you that the Boston & Albany Railroad furnishes every facility for the transaction of his business, and that it is done at fair rates; that he has no complaint to make, but that, on the contrary, the Boston & Albany Railroad is entitled to credit for what it has done, and done so well. This is his testimony; the testimony of a merchant of Boston who has had large dealings over that road. Is there any man in this House who is willing to get up and gainsay what he has said? If not, we will let that stand as the testimony before the House, that the merchants of Boston who have large dealings with this road have no complaint to make against it for its want of accommodation.

The Order of the House directed the Committee to report whether the Boston & Albany Railroad is furnishing proper facilities for the transportation of merchandise and for the promotion of the trade and commerce of the Commonwealth; and particularly whether its rates of freight and other arrangements are properly adjusted so as to encourage the shipment of freight to and from the port of Boston.

The Committee have reported that the road has furnished

sufficient equipment for its business and large terminal facilities at Boston. So far as it has the power, this railroad has done all it could to secure the lowest rates of freight from the West to Boston, and from Boston to the West it has made rates so low that New York complains, and calls upon their legislature to interfere and prevent the New York railroads from carrying freight from Boston to the West at rates twenty-five per cent. below the rates charged to the same points from the city of New York. Thus it would appear that the road has not only furnished the necessary equipment and all the terminal facilities as yet required, but that it has also fixed its rates so as to encourage the shipping of freight to and from the port of Boston. That it has done so to the extent of its ability, I have no doubt. That it would do more if it could, I am sure. That, judging from its past course, it will let no opportunity pass for increasing its business, is certain. But that it can always control rates beyond its lines is impossible. I believe that in this great through business with the West, it has done its whole duty to Boston. And when I say this, I feel some difficulty in replying to the first part of the Order as to the promotion of the trade and commerce of the Commonwealth outside of Boston; for, as it seems to me, it has, in its great efforts to help Boston, in its vast expenditures here,—completed and begun,—done for Boston more than her share, and perhaps at the expense of the other places upon its line. At any rate, if in any way the road has failed in its duty to the Commonwealth, it is not in doing too little for Boston. It is not for me to aid in encouraging any ill-feeling between Boston and the other places upon the line of the road, and therefore I say no more upon this part of the Order.

Another portion of the Order was an inquiry whether the State Directors had complied with the provisions of the Resolve 90 of 1866. This was a Resolve relating to the duties of the State Directors of the Western Railroad, and I find no provision in the charter of the Boston & Albany Railroad, or in subsequent legislation, which makes it incumbent upon the State Directors of the latter corporation to perform the duties which, under this Resolve, were devolved upon the State Directors of the Western Railroad.

The report of the Committee states what action has been had by the State Directors of the Boston & Albany Railroad under chapter 226 of the Acts of 1873.

A reference to the argument of Mr. Lincoln, which is attached to the report, will show what the Boston & Albany has done since the consolidation of the Western and Worcester railroads in 1867. Within one year after the consolidation, an elevator had been erected, and that was the first elevator erected at the Atlantic terminus of any railroad in the United States. Since then, as I have previously said, it has completed another elevator at East Boston, has extended its road to East Boston, where it has constructed large and commodious wharves, and furnished great facilities for the reception and shipment of merchandise. It has also begun to make large improvements at South Boston, in order to accommodate the business which may come over its road ; and no man has appeared before the Committee to say that the Boston & Albany Railroad was unable to accommodate all the business which was offered to it.

Now, the railroad was chartered in 1867, by the Act consolidating the Worcester and Western railroads, which was a compulsory act. By that Act the State surrendered all special claims it had upon the Western Railroad, in consideration of money furnished to that corporation, and gave to the new corporation a new charter which provided for certain reservations. By section 15 of that Act, it is provided, that no higher charge shall be made for a shorter distance than is made for a longer distance. This legislation has now become a matter of general law in regard to all railroads ; but the insertion of that section in the charter of the Boston & Albany Railroad was the commencement of legislation in that direction. Prior to that time railroads had been charging from the West to way stations, such as Worcester, a rate of freight equal to the rate to Boston, and the local rate back to Worcester. By this Act the rate to Worcester was made the same as to Boston. This was one of the reservations. Section 16 provided that no less facilities should be furnished for the transportation of merchandise and passengers than were then furnished, if the business continued as great as then. Reference to Mr. Lincoln's arguments will show how

the equipment has been increased, how much double track has been laid upon the road, and how in every way the corporation has kept pace with the demands made upon it.

The State, by section 17, reserved the right to purchase the railroad, by reimbursing the stockholders by an amount equal to the amount paid in and ten per cent. added thereto.

By section 18, the corporation was made subject to all general laws then existing, or that might thereafter be made. No complaint was made to the Committee that this road had failed to comply with the requirements of all general laws, and in that respect the Committee saw no occasion for legislation.

The gentleman from West Roxbury (Mr. Ropes) suggested that, since the State might purchase the whole railroad upon certain conditions, it would be well to commence by reducing their dividends. This would gradually reduce the value of the property which the stockholders own, and would be a matter of manifest injustice. It was not suggested at any time to the Committee, and certainly would not receive its approval; and besides, the railroad committee has reported to the House (which report was accepted) that it was inexpedient to legislate upon the matter of dividends, even by a general law relating to all railroads. Had the matter of limiting the dividends upon this railroad come before the Committee, it would not only by its own judgment, but also in deference to your action upon their former report, reported inexpedient to legislate.

The House will remember that, when this subject was before the House, I took occasion to say that since the usury law was repealed, and people having money could charge what they could get for its use, it was hardly the thing to say that if they invested in railroads they could get only a limited interest. And in this view the House, by its vote, seemed to concur.

A proposition to make this road specially subject to a law limiting dividends, would be unjust, and not in accordance with the provisions of the contract which subjects them to general laws. The Committee failed to see that there is any special claim upon the Boston & Albany Railroad, such as the State might have made upon the Western Railroad,

because the charter is a new contract, which subjects the road only to the reservations contained in the sections which I have read.

I come now to the Resolves which have been offered by the gentleman from Boston (Mr. Moseley) as a substitute for the report of the Committee. The first Resolve states,—

“That the large contribution from the treasury of the Commonwealth, in aid of the construction of the Western Railroad, was made for the promotion of the prosperity of the people of the Commonwealth generally; and it is the duty, therefore, of the state directors of the Boston & Albany Railroad Company, as the successor of the Western Railroad Corporation, to exert themselves to promote that object by the increase and enlargement of facilities of travel, trade and commerce, rather than by the return of a large percentage of pecuniary profit to the Commonwealth as a stockholder; and said directors are hereby directed to use their exertions to reduce all excessive salaries, to abolish all useless offices, and to introduce and maintain a system of practical economy in the management of the company.”

Now, sir, although it is true that the contribution made by the Commonwealth in aid of the Western Railroad was made, not for procuring a profit on the investment, but for the purpose of promoting the prosperity of the people of the Commonwealth, and establishing connection with the West, it does not follow, since their debt has been paid to the utmost farthing, and the Commonwealth has suffered no injury nor damage from its aid to that corporation,—it does not follow, I say, that the Boston & Albany, which is a compulsory consolidation of the Western and Boston & Worcester railroads, is under the same obligations to the State that the Western Railroad was. Nor am I prepared to admit that the object which these gentlemen who have appeared before us, is to be promoted so much by small dividends or by increased facilities at the expense of dividends as it is by securing to those who have invested in the road a fair return for their money, to which, under the terms of the charter, they are entitled; for a fair return for their money invested is required by capitalists, in order to induce them to furnish to the Boston &

Albany Railroad the means which will be needed for completing the terminal facilities required by this railroad to accommodate the business of Boston. In other words, a reduction in the income on the present investment would deter capitalists from furnishing the means necessary to accomplish this object, and would make it impossible to procure on favorable terms the money which will be required.

The second resolution, which limits the dividends of the railroad to eight per cent., is also, in my judgment, a provision to prevent the railroad from furnishing necessary facilities for the transaction of its business. What Boston people require, is, that capitalists, either in their own city or elsewhere, may be induced, by the certainty of profit from the investment, to furnish capital, so as to enable the road to increase its facilities. If, by any action of this legislature, these inducements to capitalists shall be diminished, to just that extent will the difficulty to obtain money to furnish the necessary facilities be increased. Therefore I oppose the second Resolution.

The third Resolution—

“That the state directors of the Boston & Albany Railroad Company shall represent the shares of the state in all meetings of the stockholders, and vote upon all matters presented at said meetings”—

is manifestly unfair and unjust. Under the provisions of the charter, the directors were to number thirteen in all, of which the State, owning one-eighth of the stock, has five. The other eight directors are chosen by the holders of seven-eighths of the stock, and it would be unfair and unjust for the State to reserve its rights under the charter to choose five directors and then go into the meetings with the stockholders and vote in the election of the remaining eight. It would be a violation of the provisions of the charter, and we, as legislators, ought not to sanction such a course; (but in other matters coming before stockholders' meetings the State Directors should vote. The amended Resolve of the gentleman from Boston (Mr. Hale) has my approval.)

The fourth Resolution, providing for the employment of

clerical assistance, is unnecessary, because it is the intention of the Railroad Committee to present a bill to the legislature which will cover the case, not only of the Boston & Albany, but of all other railroads in the Commonwealth, requiring accounts to be kept in a uniform style, so that the State Directors, or anybody else, can understand them.

The fifth Resolve provides for a certain arrangement in regard to the transportation of passengers and freight, which this legislature has already decided it is inexpedient to legislate upon. It goes beyond the reservation contained in the charter, and undertakes to require the State Directors to demand of the road certain things in regard to the conveyance of passengers and freight which the road is not obliged to do, and therefore that Resolution ought not to be adopted.

Besides, this legislature has decided, at this very session, that it is inexpedient to regulate fares and freights according to distance upon railroads. And if it is inexpedient to do this by general law regulating all railroads, is it not manifestly unjust to regulate them upon one railroad? I do not believe that any such legislation is wise, and I trust that this Resolution will not be adopted.

The last Resolution—as we do not intend to pass any of them—is unnecessary.

And now, Mr. Speaker, let me say, in conclusion, that it is an easy thing for gentlemen to go to the Exchange, and there to make their stump speeches against railroads, and to utter complaints, and to find fault with everybody but themselves. It is easy, too, for some men to go there and elsewhere and make charges which are unfounded and untrue. But we are met here to-day as legislators, in behalf of our old Commonwealth, bound to perform our duties, and responsible for our acts; so that we ought not to pass any Resolves, or to make any laws which are not required, and which the circumstances of the case do not justify us in passing. We are all desirous to do what we can to promote the trade and commerce of Boston and of the Commonwealth. We will not, if we know it, do anything to prevent the full development of all the interests of the Commonwealth. Our legislation, therefore, must be in that direction.

To-day, railroad investments are not the favorite investments. Capital is sensitive in regard to them. The action of the Grangers in the West, by which business was so much diminished, and in some cases almost stopped, upon the railroads of the Western States, should make us cautious, and prevent our acting unwisely or foolishly. The Grangers found that the railroads had a certain income from the rates of local and through freights, but that through rates were lower than local. Through their efforts, the legislatures enacted laws which provided that all freights, whether local or through, should be carried at the lowest price at which any freight was carried. The necessary result of this action was to raise the rate of through rates; for if you make an average, the low must advance, as well as the high decline. Consequently, this necessary rise in the cost of transporting through freight interfered with the movement of vast quantities of grain, and the people of the West suffered, as did the railroads, from this hasty and inconsiderate action of these unwise legislators.

We are called upon by these Resolutions which have been submitted by the gentleman from Boston (Mr. Moseley) to take such action as will prevent the investment of capital in furnishing in our State the railroad facilities which we so much need. Should we pass such resolutions as have been presented, you must expect that the holders of railroad stocks will hasten to force them into the market, and we shall at once see a large decline in prices; and, sir, beside that, all will see that the legislature of Massachusetts is not to be relied upon, and that men who made investments under the sanction and protection of our laws, as they supposed, are liable to lose their property, and will henceforth be careful how they invest it, where the laws of Massachusetts can so reduce its value.

Sir, we must so legislate that the people, both poor and rich, can be protected. We must impose no unnecessary burdens upon trade and commerce, but we must keep our faith with the men who have furnished the means to build railroads. We must not make it less easy to obtain the money which will enable the railroads to make such improvements and

additions to their roads as the people require. We must hold the railroads to their part of the contract, and we must keep our own. Then we can go on with our improvements, now so necessary; we can secure to all equal rights in the transportation of merchandise, and our good old Commonwealth will command, not only for her railroad securities, but for her legislation also, the confidence and respect of both trader and capitalist.

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